

Energy Company Obligation (ECO) consultation: Updating Deemed Scores for ECO3 Questions



Background

The questions below relate to the consultation seeking views on our approach to updating the deemed scores for ECO3, should it be introduced as set out in the Government consultation. The consultation can be found on our website.

This consultation is open for six weeks from 4 April to 16 May 2018.

Notes For Completion

Please complete all relevant sections of the document by selecting an answer for the question and then providing reasons/evidence for your response in the box provided. The questionnaire should be completed in typeface and returned via email to eco.consultation@ofgem.gov.uk by **close of business on Wednesday 16th May 2018**.

1. Respondent Details

Organisation Name:	H+E Associates Ltd
Organisation type:	Home Energy Efficiency Consultants to the Public Sector
Completed By:	Nick Peel, Director
Contact Details:	nick.peel@derby.gov.uk

1. Updates related to RdSAP and Fuel Prices

Q1. Do you agree with our proposal to apply the RdSAP v9.93 updates across all wall types which currently use a pre-installation U-value of 2.1 W/m²K?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☒ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer and include as much detail and evidence as possible.

The effect of the proposal is to delete all deemed scores for solid wall insulation measures where the existing wall has a U-value of 2.1W/m²K. Recalculating the U-value of a solid brick wall from 2.1 to 1.7W/m²K, using ECO2t as an example, would reduce AW funding by a sum in the region of £400-£450.

No background to this calculation has been provided, so comment on the methodology is not possible. However, assuming that a solid-brick external wall refers to a one-brick thick wall constructed of medium density (K-value about 0.8) 229mm (9") bricks laid in english or flemish bond, with a cement or lime plaster finish of average 25mm thickness, the U-value is 2.1W/m²K. This is a method of construction widely adopted for pre-1919 and 1920-39 housing stock.

To achieve a U-value of 1.7, an uninsulated solid brick wall would need to be 12"-13" thick. With thousands of properties in England constructed of uninsulated 9" thick brick walls, 'as-built' U-values of 2.1 must be retained. This also applies to system-built property, where many methods of construction (Wimpey No-fines; BISF; Thorncliffe; Tarran, Hawksley to name a few) all have starting U-values at 2.1 or higher.

It may be that by attempting to reduce complexity, RdSAP v9.93 is calculated on the basis that many solid-wall properties (mainly social housing) have had a degree of insulation in the past, so best to lump them all together to give a starting U-value of 1.7. This isn't fair to the many thousands of homeowners living in hard-to-heat properties who cannot afford to upgrade. The deemed scores should retain the 2.1 starting U-value.

Q2. Do you agree with our proposal to use the most up to date fuel prices available from the Product Characteristic Database (PCDB) for the deemed scores throughout ECO3?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree

- ☒ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer and include as much detail and evidence as possible.

Using up-to-date fuel prices is entirely reasonable. However the proposal to keep using the same prices over the entire 3.5 years of ECO for the sake of simplicity is perhaps disingenuous. Fuel prices are expected to rise and even if these rises kept pace with CPI, which historically is unlikely, and CPI was to stay at the current relatively low level of 2.5%, this would still represent a 10% increase in fuel cost. It would add little to the complexity of ECO to index-link deemed scores to keep pace with gas and electricity fuel prices on a phase basis.

2. Proposed Alternative to Percentage of Property Treated

Q3. Do you agree with our proposed approach to removing POPT for the majority of measures by identifying average treatable areas and adjusting the scores accordingly?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable provide an alternative approach including as much detail and evidence as possible.

Generally anything that simplifies ECO is to be welcomed, and removing POPT in the majority of cases comes in that category.

More worrying is the steady reduction in deemed scores from several directions and whether, as a consequence, ECO funding per measure will also reduce at the same time as measures are to be targeted at households that cannot afford contributions.

Q4. Do you agree with our use of English Housing Survey data to identify average treatable areas for SWI, CWI, loft insulation, flat roof insulation and underfloor insulation?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Torn between simplifying the process and seeing deemed scores go down.

Q5. Do you agree with our use of English Follow up Survey data to identify average treatable areas for heating measures?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Q6. Do you agree with our use of Ofgem data and industry opinion to identify average treatable areas for RIRI and park home insulation measures?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach with justification including as much detail and evidence as possible.

Q7. Do you agree with our proposed approach for measures for which there is insufficient data available to identify treatable areas?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Q8. Do you agree with our minimum requirement that at least 67% of the property is treated in order to qualify for the full ECO3 deemed score?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

Q9. Do you agree with our proposed approach of using POPT to score measures which do not meet the 67% minimum requirement?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

Although this will presumably give a deemed score lower than it would otherwise have been under ECO2t rules as it is calculated on average areas.

3. Updates to the format of deemed scores

Q10. Do you agree with our proposed format for deemed scores?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable alternative suggestions with justification including as much detail and evidence as possible.

The format is easier to use than that used for ECO2t

4. Updates to Room-in-Roof Insulation Scores

Q11. Do you agree with our proposal to update the assumed size of the floor area of the room-in-roof used to develop the RIRI score?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable please suggest an alternative approach including as much detail and evidence as possible.

No practical experience of RIRI yet.

Q12. Do you agree with our proposal relating to the assumed levels of insulation in the elements of the room-in-roof used to develop the RIRI score?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

No experience of RIRI.

5. Updates to scores for heating measures

Q13. With regard to upgrades for inefficient mains-gas and LPG boilers, do you agree with the assumptions we have used to identify the pre-installation efficiency for non-condensing boilers?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, including as much detail and evidence as possible.

No experience.

Q14. Ofgem are responsible for determining what constitutes a similar efficiency rating to non-condensing boilers and for electric storage heating with a responsiveness rating of 0.2 or less. We are in the initial stages of developing our position on this area and we welcome views from stakeholders. In responding you may have regard to the following non-exhaustive examples of issues to consider;

- (i) A methodology for determining this rating for each heating type
- (ii) Data sources that we could use

Please provide reasons for your answer, including as much detail and evidence as possible.

No experience.

6. Updates to scores for Park Home insulation measures

Q15. Do you agree with the proposed update to the park home insulation deemed scores?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☒ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, including as much detail and evidence as possible.

So few Park Homes have received measures under ECO2t, the sizeable reductions to the deemed scores will not encourage owners to have insulation fitted.

7. Invitation to Provide General Comments

Q16. We are also interested in high-level and material issues which are relevant to and likely to have a substantive impact on our approach to improving deemed scores for ECO3, for example, you may have views on:

- (i) How could we streamline our administrative processes to further the main objectives of the deemed scores;
- (ii) How could we amend the underlying assumptions or methodology to improve the deemed scores.

Please provide as much evidence and detail as possible in your response.

The objective of deemed scores is to provide a transparent means of calculating levels of ECO funding for approved measures. The proposed revisions involve substantial LTS reductions across the board, so to maintain ECO2t levels of funding, energy suppliers will be required to raise the £/LTS rate. They may also need to raise the rate to accommodate inability-to-contribute issues amongst fuel-poor households.

BEIS guidance states "Insulation tends to be the best long-term solution to reducing energy costs and fuel poverty so we want ECO to reflect that". Also, ECO3 is to be targeted 100% at fuel-poor households, who are unlikely to be able to afford to contribute to the overall cost. And BEIS emphasises that ECO must fund insulation before heating efficiency, and that the requirement to insulate 8 million solid-brick wall properties must be addressed.

All of which points to the urgent need to address the issue of insulating solid-wall properties directly.

Reference to 'solid wall equivalent' measures, and the desire to search for 'innovative' solutions, in the hope of finding less expensive solutions might prove fruitless and in the meantime the problem remains.

Whatever Ofgem decides, deemed scores in isolation are a means to an end. What matters to installers and homeowners is, how much funding is available, and how much of a contribution will the homeowner be required to make? Deemed scores refer to a methodology that demonstrates that ECO funding links directly with reducing carbon emissions and changes to the methodology will cause fluctuations in demand that will presumably have to be smoothed out via alterations to the £/LTS funding rate and homeowners' ability to pay.

